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Financial reports and audited financial statements, and reports of the Board of Auditors

Administrative and budgetary aspects of the financing of the United Nations peacekeeping operations

Report of the Board of Auditors on the accounts of the United Nations peacekeeping operations and report of the Secretary-General on the implementation of the recommendations of the Board of Auditors concerning United Nations peacekeeping operations for the financial period ended 30 June 2015

Report of the Advisory Committee on Administrative and Budgetary Questions

I. Introduction

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Board of Auditors on the accounts of the United Nations peacekeeping operations for the financial period ended 30 June 2015 (A/70/5 (Vol. II), chap. II). During its consideration of the report, the Advisory Committee met with the members of the Audit Operations Committee of the Board of Auditors, who provided additional information and clarification, concluding with written responses received on 18 February 2016. The Committee also discussed the Board's findings with the representatives of the Secretary-General in the context of the related report of the Secretary-General on the implementation of the recommendations of the Board of Auditors (A/70/724). The representatives provided additional information and clarification, concluding with written responses dated 7 March 2016.

2. The Advisory Committee makes comments and recommendations on general and cross-cutting issues related to the findings of the Board of Auditors in section II below. Where relevant, the Committee will make further references regarding the Board's recommendations on specific peacekeeping operations in the context of its

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reports on the budget submissions of the missions concerned, as well as in its report on cross-cutting issues related to United Nations peacekeeping operations (A/70/742).

II. Report of the Board of Auditors on the accounts of the United Nations peacekeeping operations for the financial period ended 30 June 2015

A. Scope of the audit

3. The Board audited the financial statements of the United Nations peacekeeping operations, which had been prepared in accordance with the International Public Sector Accounting Standards (IPSAS). The financial statements comprise the statement of financial position as at 30 June 2015 (statement I), the statements of financial performance (statement II), changes in net assets (statement III), cash flows (statement IV) and comparison of budget and actual amounts (statement V) for the year ended 30 June 2015, and the notes and annexes to the financial statements. The Board states that it conducted the audit in conformity with the International Standards on Auditing and issued its report in accordance with article VII of the Financial Regulations and Rules of the United Nations.

4. The Board reviewed the peacekeeping accounts and operations of United Nations Headquarters, 15 field missions, 31 completed missions[1] and the four special-purpose accounts, namely, the Peacekeeping Reserve Fund, the support account for peacekeeping operations, the United Nations Logistics Base at Brindisi, Italy (UNLB),[2] and the Employee Benefits Funds.

B. Audit opinion

5. In the opinion of the Board of Auditors, the financial statements present fairly, in all material respects, the financial position of United Nations peacekeeping operations as at 30 June 2015 and the results of operations and cash flows for the year then ended, and have been properly prepared in accordance with IPSAS.

C. General observations

6. The Board issued 31 recommendations, including 13 main recommendations, for the financial period 2014/15 compared with the 63 recommendations, including 21 main recommendations, issued for the financial period 2013/14. **The Advisory Committee commends once again the Board of Auditors for the quality of its report.**

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[1] The Board refers to these as "closed peacekeeping operations" and provides a list of them in annex I to its report (A/70/5 (Vol. II), chap. II). The list includes the peacekeeping missions identified in the Advisory Committee's report on the updated financial position of closed peacekeeping missions as at 30 June 2015 (A/70/829).

[2] The terms "United Nations Logistics Base (UNLB)" and "Global Service Centre" are used interchangeably. In the absence of an explicit General Assembly decision to change the nomenclature, the Advisory Committee will use the term UNLB in the context of the present report.

Financial overview

7. In paragraphs 11 to 13 of its report, the Board provides an overview of the financial position of peacekeeping operations, which, according to the Board, continues to be sound, with sufficient cash resources to sustain core operations. The Board also indicates that the approved peacekeeping budget for 2014/15 was $8.57 billion, which represented an increase of 8.6 per cent compared with $7.89 billion for 2013/14. Furthermore, expenditure for 2014/15 amounted to $8.30 billion, compared with $7.61 billion in 2013/14, which represented an increase of 9.1 per cent. The Board also indicates that expenditures for all budget groups, i.e., military and police personnel, civilian personnel, and operational requirements, as well as for UNLB and the support account, have steadily increased over the past budget periods, while voluntary contributions in kind have decreased slightly (see A/70/5 (Vol. II), chap. II, table II.2 and figure II.I).

Status of recommendations of the Board of Auditors

8. The Board of Auditors provides data with respect to the implementation of its recommendations in paragraphs 8 to 10 of its report. The Board indicates that, of the 63 recommendations issued in 2013/14, 33 (52 per cent) have been implemented, 25 (40 per cent) are under implementation, 2 (3 per cent) have not been implemented and 3 (5 per cent) have been overtaken by events. The Board also indicates that, while the Administration has indicated that 33 recommendations have been implemented, the Board has concluded that 15 of those recommendations, or 24 per cent, have been reiterated in the current report, pertaining to the period 2014/15. The Board also states that those recommendations have previously been closed, although they have yet to be fully implemented.

9. The Advisory Committee notes that a similar issue exists with respect to information and communications technology (ICT) and recalls its concern that the efforts made to redress the persistent managerial and structural issues previously identified by the Board of Auditors continued to fall well below what is deemed necessary and that little progress appeared to have been made towards the achievement of effective governance, management and operational arrangements for ICT matters in the Secretariat (see A/70/755, para. 10).

10. **The Advisory Committee notes with concern that, as indicated by the Board, if the 15 unimplemented recommendations were to be excluded from the total of 33 recommendations, the rate of implementation would fall to 28 per cent, which, in its view, is not satisfactory. In this connection, the Committee recalls that the General Assembly, in its resolution 69/249 B, requested the Secretary-General to ensure the full implementation of the recommendations of the Board of Auditors in a prompt and timely manner and to provide a full explanation for the delays in implementing all outstanding recommendations of the Board, the root causes of the recurring issues and the measures to be taken. The Advisory Committee notes that limited progress has been made in this respect and recalls that the Board has repeatedly drawn attention to persistent weaknesses on specific subject areas, including budget formulation, non-expendable property, procurement and contracting, and air operations, which continue to require greater attention in the context of peacekeeping operations (see A/69/838, para. 45).**

11. The Advisory Committee expresses its concern that the recurrence of recommendations points to systemic problems in the management of peacekeeping operations, which remain unresolved over several financial periods. The Committee recalls its previous comments that the periodic recurrence of recommendations indicates the need to reinforce internal control measures, to enhance monitoring mechanisms and to ensure stricter compliance with established rules and procedures.

Accountability in United Nations peacekeeping operations

12. The Advisory Committee notes that the Board's identification of persistent shortcomings and the repetition of audit recommendations addressing long-standing and unresolved deficiencies in successive financial periods indicate a certain lack of commitment on the part of managers. In this connection, the Committee recalls its expectation, in the context of the report of the Board for the period 2013/14, that the Secretary-General would step up his efforts to strengthen the internal control framework in peacekeeping operations (ibid., para. 45).

13. In the context of the present report, the Board specifically addresses the subject of accountability in a number of instances throughout its report, such as in the contexts of: (a) air travel, where the Board recommends that the Administration determine accountability for deviations from the rules and instructions (A/70/5 (Vol. II), chap. II, para. 78); (b) fuel, rations and supplies, where the Board observes that administrative delays caused missions to forfeit discounts in the amount of $524,670 and states that there is a need to fix accountability for losses to the Organization (ibid., para. 157); and (c) the global field support strategy, where the Board observes that the implementation of a suitable monitoring and accountability framework has been delayed (ibid., paras. 278-283). In addition, the Board points out instances of mismanagement, for example with respect to: (a) weaknesses in budget formulation and management, where the Board has continued to observe significant under- and overexpenditure, redeployments and unrealistic budget assumptions (ibid., paras. 20-34); (b) travel management, where the Board continues to note non-compliance with the Organization's 16-day advance purchase policy (ibid., para. 67-78); (c) procurement and contracting, where the Board stressed the General Assembly's request for the Secretary-General to hold staff members accountable for mismanagement and poor decision-making leading to financial loss for the Organization (ibid., para. 113); and (d) environmental protection and waste management, where the Board highlights several egregious examples that have caused environmental harm in various areas of operation (ibid., paras. 218-233).

14. With respect to the Organization's overall accountability framework, the Advisory Committee recalls its recent comments in its report on the fifth progress report of the Secretary-General on the accountability system in the United Nations Secretariat, which was endorsed by the General Assembly in its resolution 70/255, on the need for the Secretary-General to set out measures to hold senior managers accountable for handling the risks associated with their respective areas of responsibility, including with respect to instances of general or specific mismanagement, such as the application of unrealistic budget assumptions or the implementation of costly, but unsuccessful, management initiatives (see A/70/770, para. 28). The Committee furthermore recalls its view that the necessary measures must be in place to link individual responsibilities with organizational activities, whether these pertain to day-to-day management tasks or broader institutional change

initiatives. In this connection, the Committee recommended that the General Assembly request the Secretary-General to develop a clear, transparent and precise set of parameters, aimed at defining responsibility areas, particularly for senior managers, for non-compliance of these responsibility areas and to report thereon in the context of his sixth progress report on the accountability framework (ibid., para. 29).

15. **The Advisory Committee welcomes the continued focus of the Board of Auditors in particular on those areas where management weaknesses have not been properly addressed, and stresses that the Secretary-General should implement without delay specific accountability measures, particularly in areas pertaining to budget formulation, air operations, travel management and procurement.**

D. Main recommendations of the Board of Auditors on specific issues

16. In its report on cross-cutting issues related to United Nations peacekeeping operations (A/70/742), the Advisory Committee has addressed a significant number of issues highlighted by the Board of Auditors in its most recent report. The present report will therefore not address these issues again, but will instead provide cross-references, as necessary.

1. Implementation of the International Public Sector Accounting Standards

17. In paragraphs 14 to 19 of its report, the Board addresses the implementation of IPSAS and states, inter alia, in note 2 to the financial statements, that the financial statements are prepared on an accrual basis. The Board states that, while the Administration has strengthened the modalities for the preparation of financial statements of peacekeeping operations during the second year of IPSAS implementation, further improvement is needed. **The Advisory Committee concurs with the Board's recommendation and looks forward to the Board's continued engagement in the post-implementation stage of IPSAS.** The Committee has provided detailed comments on a range of IPSAS-related matters in its report on the seventh progress report on the adoption of IPSAS by the United Nations (A/69/414).

2. Budget formulation and management

18. The Board addresses matters related to budget formulation and management in peacekeeping operations in paragraphs 20 to 34 of chapter II of its report and observes that the weaknesses already highlighted in previous audits have continued to persist in the financial period 2014/15 and concern: (a) variances between appropriations and expenditure; (b) redeployments between different classes of expenditure; and (c) unrealistic assumptions used for budget projections.

19. The Board indicates that in 2014/15 peacekeeping operations expended an amount of $8.30 billion of the approved budget of $8.57 billion, equivalent to aggregate underexpenditure of $270 million, or 3.26 per cent. Across the 15 field missions, underexpenditure ranged from 0.56 per cent to 8.31 per cent. The Advisory Committee shares the Board's concern with respect to the considerable variances in the various classes and subclasses of expenditure, specifically at eight missions (the United Nations Interim Security Force for Abyei (UNISFA), the United Nations Multidimensional Integrated Stabilization Mission in Mali (MINUSMA), the United Nations Multidimensional Integrated Stabilization Mission in the Central African

Republic (MINUSCA), the United Nations Mission in South Sudan (UNMISS), the African Union-United Nations Hybrid Operation in Darfur (UNAMID), the United Nations Peacekeeping Force in Cyprus (UNFICYP), the United Nations Interim Administration Mission in Kosovo (UNMIK) and the United Nations Operation in Côte d'Ivoire (UNOCI)) and at UNLB, ranging from 5 per cent to 1,666 per cent. For example, the Board observes that at MINUSCA, an amount of $113.24 million in excess of the appropriation was incurred in 14 classes of expenditure and 43 subclasses, peaking at 1,666 per cent under one budgetary subclass, and that an amount of $139.10 million below the appropriation was incurred across 17 classes and 64 subclasses, resulting in an underutilization of 81 per cent in one instance. With respect to the formulation of budgets in peacekeeping operations, the Board concluded that the assumptions failed to take into consideration historical expenditure trends. For example, with respect to the United Nations Mission in Liberia (UNMIL), the Board found that no budgetary provisions had been made for international general temporary assistance staff salaries during the 2013/14 and 2014/15 periods, although resources continued to be needed in both instances, and at the United Nations Interim Force in Lebanon (UNIFIL), an inaccurate national staff budget assumption was used, as staff had been in their posts for a number of years and were at higher steps in their grade.

20. The Board notes that redeployments between different classes of expenditure, totalling $291.36 million during 2014/15, remain largely unchanged compared with 2013/14 levels and that, in some instances, amounts redeployed under a particular expenditure class or subclass have remained partly unutilized. In this connection, the Advisory Committee enquired as to whether, under Umoja, expenditures could be incurred that were without an appropriation or in excess of the prior appropriation. The Committee was informed that transactions in Umoja were subject to budget control checks within the system, allowing for the flexibility to spend within the operational requirements group (group III) regardless of the allotted amount at the class level, as long as the total allotment for operational costs in each cost centre was not exceeded. The Committee notes that, pursuant to General Assembly resolution 69/307, it has begun receiving updates every six months on the nature and extent of the budgetary redeployments in missions, and that it intends to continue to analyse these reports with a view to making further recommendations to the Assembly, as necessary (see A/70/742, paras. 27-28).

21. **The Advisory Committee shares the concern of the Board of Auditors at the persistent level and frequency of redeployments among and between expenditure groups and classes in peacekeeping missions and notes that there had been no significant improvement in the level of variances between appropriation and expenditure across missions. The Advisory Committee stresses that, notwithstanding the dynamic operational environment of peacekeeping operations and a certain degree of unpredictability in projecting their operational needs, redeployments should be limited and only be permitted with adequate justification. The Advisory Committee concurs with the Board that efforts must be intensified to make budgets as realistic as possible.** The Committee provides further comments on the subject of budget formulation, including the redeployment of funds, in its report on cross-cutting issues related to United Nations peacekeeping operations (A/70/742). The Committee's recommendations pertaining to the need for improved accountability are contained in paragraphs 12 to 15 above.

3. Asset management

22. In paragraphs 35 to 66 of its report, the Board addresses matters related to asset management in peacekeeping operations, including with respect to strategic deployment stocks, continuing to observe weaknesses in that area, such as delays in writing off property, plant and equipment, in disposing of written-off assets and in monitoring ageing stock and the inability to locate assets during physical verification.

23. The Board indicates that items valued at $4.57 million could not be found during physical verification in three missions (MINUSCA, MINUSMA and UNAMID). In comparison, for 2013/14, the Board observed that items valued at $3.17 million could not be located in four missions (MINUSMA, the United Nations Stabilization Mission in Haiti (MINUSTAH), the United Nations Organization Stabilization Mission in the Democratic Republic of the Congo (MONUSCO) and UNMISS).

24. With respect to MINUSCA, the Board noted the explanation that a physical inspection had been carried out by the Mission. However, no documentation was provided to the Board to support that assertion. Upon enquiry, the Advisory Committee was informed by the Administration that related inventory worksheets had not been retained and that this was attributable to the difficult operating environment and inadequate capacity during the start-up phase of the Mission. Furthermore, the results of the physical verification had now been recorded in the inventory management system, and Mission management would ensure strict compliance with established inventory management procedures.

25. With respect to MINUSMA, upon enquiry, the Advisory Committee was informed by the Administration that, as of February 2016, 22 additional items had been located, 7 items would be written off and efforts were under way to locate the remaining 71 items. On a related matter, the Board was informed that an asset review would be conducted during 2015/16 at the time of the migration of asset data from Galileo to Umoja, in accordance with paragraph 67 of IPSAS 17, which states that the residual value and the useful life of an asset shall be reviewed at least at each annual reporting date.

26. With respect to the planned replacement of the Galileo system with a related Umoja functionality by the end of 2017, the Advisory Committee was informed by the Administration, upon enquiry, that in order to ensure the transfer of valid and up-to-date data from Galileo to Umoja, the Administration planned to: (a) strengthen its asset monitoring, verification practices and property management compliance practices; (b) ensure more timely tracing of assets; and (c) improve the expeditious disposal of written-off assets.

27. The Board also highlights the issue of ageing stock, specifically with respect to strategic deployment stocks, observing that, as at 30 June 2015, of a total of 3,189 items, valued at $41.02 million, in the strategic deployment stock inventory, 1,752, or 55 per cent, were over one year old. This also included items valued at $3.37 million that, according to the Board, may become obsolete in a short timespan, such as computers, generator sets, hospital equipment, water pumps and water storage equipment, and security and surveillance equipment. Furthermore, a total of 579 items, valued at $4.37 million, had exceeded their useful life as at the time of the audit review.

28. In this connection, the Advisory Committee was informed by the Administration, upon enquiry, that in order to mitigate the risk of ageing stock, UNLB had begun, in January 2016, to offer inventory older than three years to the field missions at a value of the purchase price less the cost of replacement. These goods would be written off should they become technically obsolete or should the missions not express interest. On a related matter, with respect to the role of managing remaining strategic deployment stock inventory in the context of supply chain management and modularization, the Committee was informed, upon enquiry, that, as part of the annual strategic deployment stock composition review, the removal of modules that had not been in demand among field missions, such as the recreation and welfare module, which had not been in high demand, had also been considered.

29. **The Advisory Committee notes with concern that the issues pertaining to ageing stock at peacekeeping operations, including with respect to the strategic deployment stocks, and the inability to locate assets during physical count, are among a number of issues which have been cited repeatedly by the Board of Auditors in past financial periods. The Committee concurs with the recommendation that the Administration strengthen asset management and monitoring practices across peacekeeping operations, specifically with respect to strategic deployment stocks, where there is a need to strengthen the composition review process and to ensure regular rotation of items. In this connection, the Advisory Committee recalls its previous expectation that IPSAS and Umoja will enable improved management and oversight of assets, particularly in peacekeeping missions (see A/69/838, para. 45). Furthermore, in connection with its recent report on the United Nations Logistics Base at Brindisi, Italy (A/70/742/Add.9), the Committee recalls its concern that weaknesses in the management of the strategic deployment stocks have resulted in a loss of $5 million in obsolete equipment and stocks. The Committee has recommended that the General Assembly request the Secretary-General to entrust the Office of Internal Oversight Services with the conduct of an audit to cover the issues raised in that report (ibid., para. 37).** On the related matter of supply chain management, the Committee provides comments on efforts in this regard in its report on cross-cutting issues related to United Nations peacekeeping operations (A/70/742).

4. Travel management

30. In paragraphs 67 to 78 of chapter II of its report, the Board of Auditors addresses matters related to travel management in peacekeeping operations, noting that in August 2014 the Advisory Committee requested the Board to conduct a comprehensive audit of official travel financed from peacekeeping budgets. The Board notes, in particular, that official travel was one of the budget classes affected by a significant amount of redeployments: the budget appropriation of $55.34 million increased to $67.58 million through the redeployment of $12.24 million from other categories of expenditure, with the highest level of redeployment in MINUSCA, MINUSMA, UNAMID and UNMISS. Upon enquiry, the Committee was provided by the Board with a table detailing related expenditures compared with the initial appropriation approved by the General Assembly for the period 2014/15 (see annex to the present report). In its report, the Board notes the explanation provided that efforts were under way for improved planning and control during budget formulation in this

regard. The Advisory Committee, however, notes that travel has been of concern to the Board for a number of years, including such matters as travel-related expenditure in excess of the approved budget, extensive non-compliance with the policy on advance purchase of tickets and non-recovery of travel advances from staff members.

31. With respect to field missions' compliance with the Organization's advance ticket purchase policy (ST/AI/2013/3, para. 3.3), the Board notes that the related performance indicator targets a benchmark of 75 per cent compliance with the requirements for booking flights 16 days in advance of travel. For the period 2014/15, the Board observes an average 52 per cent compliance rate, compared with the 48 per cent compliance rate in 2013/14. Table II.9 of the report of the Board highlights cases in which compliance rates are either inadequate or worsening over time, including at UNMIL (from a 65 per cent compliance rate in 2013/14 to 46 per cent in 2014/15); the United Nations Support Office for the African Union Mission in Somalia (UNSOA) (from 61 per cent to 30 per cent); and UNAMID (from 37 per cent to 38 per cent). However, the aforementioned table also shows that improvements have been made in several missions, including at the Global Service Centre (from a 56 per cent compliance rate in 2013/14 to 60 per cent in 2014/15); MINUSCA (from 16 per cent to 54 per cent); MINUSMA (from 26 per cent to 51 per cent); UNOCI (39 per cent to 64 per cent); MONUSCO (40 per cent to 61 per cent); UNDOF (33 per cent to 42 per cent); UNIFIL (56 per cent to 63 per cent); and UNMISS (47 per cent to 56 per cent). One mission, UNMIK, achieved and exceeded the 75 per cent benchmark, improving its compliance rate from 67 per cent in 2013/14 to 83 per cent in 2014/15. The Board notes that, according to the Administration, a requirement to submit travel requests 21 days prior to the departure date had been integrated into the Umoja portal travel module to ensure that travel requests are made in compliance with the advance purchase policy.

32. **The Advisory Committee notes the efforts made to improve rates of compliance with the advance ticket purchase policy. The Committee concurs with the Board on the need to strictly enforce this policy and emphasizes that efforts should continue in order to meet the 75 per cent benchmark across all peacekeeping operations.**

33. The Board notes that, according to staff rule 7.4, all official travel, not including exceptional cases, must be authorized in advance. It highlights MINUSMA, in which 41 travel cases costing $134,346 were not authorized at all, and 406 cases costing $1.29 million were authorized ex post facto. Upon enquiry, the Advisory Committee was informed that the Mission had acknowledged administrative delays and that the travel authorizations for the aforementioned 41 cases had subsequently been approved ex post facto. The Committee was also informed that MINUSMA had strengthened its procedures relating to the approval of travel authorizations and that, effective 9 November 2015, with the deployment of Umoja Extension 1, the travel approval process had been further streamlined.

5. Air transportation

34. The Board of Auditors addresses matters related to air transportation in peacekeeping operations in paragraphs 83 to 111 of chapter II of its report. The Board continues to highlight the underutilization of air assets in terms of flight hours and passenger and cargo capacity, as well as deficiencies in strategic planning and coordination of strategic flights. The Board notes that, in 2014/15, the aviation fleet consisted of 55 fixed-wing and 150 rotary-wing aircraft, observing that a persistent mismatch remained between the flight hours available and those actually required or utilized. The Board notes that the aircraft were not utilized for more than 50 per cent of the contracted days but that, as shown in table II.12 of its report, the utilization of air assets with respect to budgeted flying hours improved from approximately 80 per cent in 2013/14 to 86 per cent in 2014/15. In addition, with respect to UNAMID and MONUSCO, the Board concluded that both missions used only 43 per cent and 70 per cent, respectively, of their contracted flight hours. The Board observed that there appeared to be scope for optimizing the number of leased unmanned aerial vehicles, thereby reducing costs without compromising operational requirements. In addition, the Board points out that its analysis of aviation reports showed 180 instances of potential overpayment due to inconsistencies in reporting, in which the days when aircraft were not available had not been excluded from the number of days of aviation support. However, the Board was unable to estimate the potential overpayments, as no details relating to the contractual terms were made available.

35. In its report on cross-cutting issues related to United Nations peacekeeping operations (A/70/742), the Committee recommends that the General Assembly request the Secretary-General to expedite completion of an assessment of the roles and responsibilities of the offices handling the management and oversight of air operations for peacekeeping missions and report comprehensively thereon in his next overview report (para. 131). **The Advisory Committee concurs with the recommendation of the Board that the Administration urgently investigate the 180 instances cited above and effect recoveries, if due, from the contractors.** In this connection, the Advisory Committee provides its comments on air operations, including on the utilization of air assets, unmanned aerial systems, and the role of the Strategic Air Operations Centre, the Transportation and Movements Integrated Control Centre and the aviation information management system, in its report on cross-cutting issues related to United Nations peacekeeping operations.

6. Procurement and contracting

36. In paragraphs 112 to 168 of chapter II of its report, the Board of Auditors addresses matters related to procurement and contracting in peacekeeping operations and continues to observe weaknesses in the conduct of procurement activities, including with respect to bidding requirements, established tendering processes, lack of competitive bidding, non-levying of liquidated damages, non-adherence to provisions relating to performance bonds and deficient contract management. The Board observes these weaknesses in several operational areas, including with respect to the leasing of aircraft and the purchase of materials for construction and for airfields, such as a rapidly deployable landing mat system for the development of helipads, as well as with respect to the engagement of Internet service providers. The Board also observes that there is a need to improve and coordinate regional procurement activities, including proper utilization rates of regional acquisition plans and systems contracts, which are coordinated by the

Regional Procurement Office, located in Entebbe. While the average utilization of regional systems contracts has improved, from 32 per cent in 2013/14 to 35 per cent in 2014/15, the Board continues to highlight their underutilization. **The Advisory Committee concurs with the Board of Auditors on the need to consolidate the common requirements of individual missions into regional systems contracts to achieve economies of scale and notes with regret that, despite repeated observations and recommendations of the Board on this matter, the Administration has been able to show only a slight improvement in this area.**

37. The Board also reiterates the need to adhere to the stipulations of the Procurement Manual, recommending that the Administration provide training and guidance, and strengthen oversight and internal controls. Upon enquiry, the Advisory Committee was informed that the Secretary-General considered that the recommendation on procurement training had been implemented, with a number of on-site and online training courses, the launch of the online Procurement Training Campus offering mandatory courses for all procurement staff and specialized courses for staff performing procurement-related functions. According to the Secretary-General, with the increase in procurement-related training, the number of procurement-related findings by the Board had continuously decreased. **The Advisory Committee supports the efforts with respect to procurement training but is of the view that the main concerns which have repeatedly been put forth by both the Board of Auditors and the Committee have remained largely unaddressed in several areas, including in those noted above. The Advisory Committee continues to stress the need for closer monitoring of compliance to ensure strict adherence to the provisions of the Procurement Manual and other procurement rules and procedures and expects that the Secretary-General will continue with his efforts to ensure the full implementation of the recommendations of the Board of Auditors.** The Committee has provided comments and recommendations on the role of the Regional Procurement Office, as well as other matters, such as the role of procurement training and compliance monitoring, in its report on United Nations procurement activities (A/69/809).

7. Medical services

38. Matters related to medical services are addressed in paragraphs 209 to 217 of chapter II of the report of the Board of Auditors. The Board identifies a number of areas for improvement in the provision of medical services at various missions, including inadequate or non-existent medical facilities, deficient procurement practices relating to medical supplies and delays in the roll-out of a hospital management system. For example, at MINUSCA, the Board observed that hospital and clinic facilities had not been established on time or at all and that one aeromedical evacuation team could not deploy, as aircraft facilities had not been completed. At MINUSTAH, the Board notes extensive delays in the delivery of medical supplies.

39. **The Advisory Committee is of the view that the timely establishment of adequate medical facilities and the availability of medical supplies are indispensable and vital for peacekeeping operations so as to ensure proper medical care for civilian, military and police personnel in the field, in particular those stationed in volatile and dangerous conditions. The Committee therefore concurs with the Board that missions must ensure the optimal utilization of available resources for medical support to field personnel.** The

Advisory Committee provides further comments on medical services in the context of its report on cross-cutting issues related to United Nations peacekeeping operations (A/70/742), noting that it intends to keep this matter under review.

8. Management of construction projects

40. In paragraphs 169 to 182 of chapter II of its report, the Board of Auditors addresses matters related to the management of construction projects, identifying a number of unresolved issues, including delays in the commencement and completion of construction projects, as well as in the finalization of contracts. The Board indicates that the delays occurred as a result of poor planning and timing of projects, lack of proper selection of contractors and insufficient monitoring of contractual compliance. The Board recommended the preparation of realistic annual construction plans, strengthening the process of evaluation and selection of contractors, and enforcing execution of contracts in accordance with the contractual stipulations. The Advisory Committee comments further on construction-related matters in general in its report on cross-cutting issues related to United Nations peacekeeping operations (A/70/742).

9. Environmental protection and waste management

41. In paragraphs 218 to 233 of chapter II of its report, the Board of Auditors addresses matters related to environmental protection and waste management in peacekeeping operations. The Board highlights several problematic areas and notes, for example, the presence at UNMIL of waste, including old batteries, 420 communications and information technology equipment, 28 supply assets in sea containers, 112 scrap vehicles, 3,850 used tires and 100 broken pieces of furniture. In addition, 51,000 litres of used oil and lubricants were found in an open yard, where they had been located for an extended time period.

42. The Board notes that, according to the Administration, in response to its audit recommendations the Department of Field Support had entered into a consultancy agreement with the United Nations Environment Programme (UNEP) costing $6.95 million. Upon enquiry, the Advisory Committee was informed by the Administration that UNEP would provide a technical assistance team for all peacekeeping missions during a three-year period and would provide expertise to reduce the environmental footprint. A core team, to be based at the UNEP office in Geneva, and a roving technical assistance team would have expertise in environmental management systems; greenhouse gas emissions reporting; field logistics; procurement and system contracts; solar power; energy efficiency; solid waste management (including hazardous waste); and water and wastewater.

43. **The Advisory Committee concurs with the Board that poor storage practices and delays in the disposal of waste are contrary to the purpose and intent of the environmental and waste management policies of the Department of Peacekeeping Operations and the Department of Field Support and on the need to address this issue as a matter of urgency, and recalls the request of the General Assembly in its resolution 69/307 that the Secretary-General reduce the overall environmental footprint of each peacekeeping mission. The Committee looks forward to the Board's observations and recommendations with respect to the effectiveness of the new environmental consultancy arrangement with UNEP in connection with the audit review of peacekeeping**

operations for the period 2015/16. The Advisory Committee comments further on environment-related matters in general in its report on cross-cutting issues related to United Nations peacekeeping operations (A/70/742).

10. Global field support strategy

44. The Board addresses matters relating to the global field support strategy in paragraphs 243 to 320 of chapter II of its report, noting that, while progress had been achieved in various aspects of the global field support strategy over the five years of its implementation, significant shortfalls in achieving the end-state vision remained. The Board states that, although governance and performance management had been identified as key elements to be established at the beginning of the implementation period, the end-state vision and the key performance indicators were introduced only in the second and third year of implementation. The Board also indicates that the Global Field Support Strategy Steering Committee did not monitor and review the progress of implementation. Furthermore, progress in the other three pillars was lacking, as key elements of the human resources pillar, such as workforce planning, succession management, filling of vacancies and completion of a monitoring and accountability framework, had yet to be achieved; there were delays in the operationalization of the supply chain management pillar; and services provided through the Regional Service Centre under the shared services pillar were lacking. The Board observed that it was unable to obtain sufficient evidence validating the reported savings arising from the strategy and recommended that the Administration develop a methodology for undertaking cost-benefit analyses that can be empirically verified so that assurance can be provided regarding the benefits that have accrued or are expected to accrue (see also A/70/742, paras. 67-73).

45. The Advisory Committee provided further comments on the global field support strategy in the context of its report on the subject (A/69/874) and its report on cross-cutting issues related to United Nations peacekeeping operations (A/70/742). In the latter report, while noting the overall conclusion of the Board of Auditors that substantial progress had been achieved with respect to the strategy, the Committee expresses its concern over the Board's conclusion that none of the four strategy pillars had fully achieved their desired end-state and that it had not been able to provide the necessary assurances with respect to the reported cost savings attributed to the implementation of the strategy (ibid., para. 73).

E. Costs for external audit services of peacekeeping operations

46. The Advisory Committee was informed by the Secretary-General, upon enquiry, that costs for external audit services of peacekeeping missions were estimated for all missions and then communicated by the Administration to the Board of Auditors. Upon approval of the relevant budgets by the General Assembly, those costs are then allocated accordingly. The Committee was also informed that external audit costs for 2016 and 2017 amounted to $9.2 million, and was provided with a breakdown of the budgeted estimates for each mission for the 2016 and 2017 period, representing 50 per cent of the estimates, or $4.6 million, as set out in the table below.

Annual external audit costs for 2016 and 2017

(United States dollars)

Mission	*Audit cost*
UNIFIL	273 637
UNLB	196 358
UNAMID	408 184
UNSOS	198 683
UNMIK	277 312
MONUSCO	596 598
UNMIL	399 720
MINUSTAH	530 163
UNFICYP	151 242
UNDOF	137 905
MINURSO	137 434
UNOCI	371 028
UNMISS	390 937
UNISFA	132 226
MINUSMA	203 010
MINUSCA	203 010
Total	**4 607 444**

47. The Advisory Committee notes that the audit costs with respect to the Board's forthcoming reviews concerning United Nations peacekeeping operations for the financial period ended 30 June 2016 vary significantly, from $132,226 for UNISFA to $596,598 for MONUSCO. The Committee notes that the fees for MINUSTAH amount to $530,163 for the purposes of auditing the appropriated resources for 2015/16, which amount to $380,355,700. However, in comparison, UNAMID would require only $408,184 for external audit services, despite its significantly higher appropriated resources for 2015/16 in the amount of $1,102,164,700. **The Advisory Committee is of the view that the methodology for calculating and apportioning the required resources for external audit services at peacekeeping operations should be clarified, so as to ensure transparency for all stakeholders concerned, including Member States.**

Annex

Expenditure for official travel in peacekeeping operations compared with the initial appropriation approved by the General Assembly for 2014/15

(Millions of United States dollars)

Mission	*Original appropriation (A/C.5/69/17)*	*Apportionment after redeployment*	*Expenditure*	*Variance*	
				Amount	*Percentage*
UNFICYP	0.276	0.276	0.275	0.001	0.36
UNDOF	0.437	0.897	0.935	-0.038	-4.24
UNIFIL	0.914	1.144	1.033	0.111	9.70
MINURSO	0.716	0.716	0.585	0.131	18.30
UNMIK	0.451	0.401	0.428	-0.027	-6.73
MONUSCO	8.832	9.552	9.505	0.047	0.49
UNMIL	2.062	2.062	1.627	0.435	21.10
UNOCI	3.669	3.662	3.367	0.295	8.06
MINUSTAH	4.259	4.689	2.766	1.923	41.01
UNAMID	5.119	7.261	6.641	0.620	8.54
UNISFA	1.283	1.336	1.219	0.117	8.76
UNMISS	6.257	8.307	7.993	0.314	3.78
UNSOA	2.456	3.909	4.458	-0.549	-14.04
MINUSCA	3.721	6.231	6.252	-0.021	-0.34
MINUSMA	3.485	5.699	5.659	0.040	0.70
Support activities					
Support account	10.402	10.433	9.238	1.195	11.45
UNLB (Global Service Centre)	1.000	1.000	1.057	-0.057	-5.70
Total	**55.339**	**67.575**	**63.038**	**4.537**	**6.71**

Abbreviations: MINURSO, United Nations Mission for the Referendum in Western Sahara; MINUSCA, United Nations Multidimensional Integrated Stabilization Mission in the Central African Republic; MINUSMA, United Nations Multidimensional Integrated Stabilization Mission in Mali; MINUSTAH, United Nations Stabilization Mission in Haiti; MONUSCO, United Nations Organization Stabilization Mission in the Democratic Republic of the Congo; UNAMID, African Union-United Nations Hybrid Operation in Darfur; UNDOF, United Nations Disengagement Observer Force; UNFICYP, United Nations Peacekeeping Force in Cyprus; UNIFIL, United Nations Interim Force in Lebanon; UNISFA, United Nations Interim Security Force for Abyei; UNLB, United Nations Logistics Base at Brindisi; UNMIK, United Nations Interim Administration Mission in Kosovo; UNMIL, United Nations Mission in Liberia; UNMISS, United Nations Mission in South Sudan; UNOCI, United Nations Operation in Côte d'Ivoire; UNSOA, United Nations Support Office for the African Union Mission in Somalia.